

Teachers' Superannuation Fund
Statement Of Revenue And Expenditure

Year Ended December 31, 1977
(Expressed in Thousands)

REVENUE	1977	1976
Contributions from participants		
Teaching on Ontario boards	\$ 109,514	\$ 98,630
Teaching in designated private schools	1,921	1,734
Outside services	231	169
Miscellaneous	6,143	5,382
	<u>117,809</u>	<u>105,915</u>
Contributions from the Provincial Treasury per section 22 of the Teachers' Superannuation Act, including interest of \$9,848 (\$7461 in 1976)	110,140	83,442
Special payments from the Provincial Treasury		
Interest on 1966 actuarial unfunded liability	34,697	19,697
Amortization of post 1966 actuarial unfunded liability and interest thereon	43,827	21,914
Experience overpayment and interest thereon		(20,204)
Minimum pension subsidy, including pension escalations	32,700	25,386
	<u>111,224</u>	<u>46,793</u>
Interest earned		
Province of Ontario debentures	163,629	131,021
Temporary investments	1,301	2,050
Repayment of refunds and sundry interest	1,310	946
	<u>166,240</u>	<u>134,017</u>
Recovery of pension exalations from Superannuation Adjustment Fund	355	
Transfers from other pension funds	1,068	658
Repayments of refunds by former participants resuming teaching	669	518
	<u>\$ 507,505</u>	<u>\$ 371,343</u>

EXPENDITURE	1977	1976
Pensions paid		
Service	\$ 103,982	\$ 90,756
Disability	6,169	5,597
Dependents	6,255	5,221
Joint annuities	52	44
	<u>116,458</u>	<u>101,618</u>
Refunds of contributions and interest thereon		
To participants who have withdrawn	9,428	9,999
To representatives of deceased participants	444	361
	<u>9,872</u>	<u>10,360</u>
Transfers to other pensions funds	1,088	685
Administration expenses	1,800	1,502
TOTAL EXPENDITURE	<u>129,218</u>	<u>114,165</u>
EXCESS OF REVENUE OVER EXPENDITURE ADDED TO CAPITAL	378,287	257,178
	<u>\$ 507,505</u>	<u>\$ 371,343</u>

Teachers' Superannuation Fund
Notes To Financial Statements

December 31, 1977
(Expressed in Thousands)

1. ACCOUNTING POLICIES

(a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

(b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Provincial Treasury are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt.

Interest earned on short term notes and investments is recorded on an accrual basis.

(c) Refund of contributions and repayment of refunds

The liability of the fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up, the liability being considered an actuarial liability similar to the liability of the fund for annuities. In addition, no asset has been set up for the amounts due from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching.

2. ACTUARIAL UNFUNDED LIABILITY

The amount of the actuarial unfunded liability is not reflected in the financial statements. The latest four actuarial reports show deficiencies at December 31 of each of the mentioned years as follows:

1975	\$1,397,178
1972	557,877
1969	382,265
1966	328,282

The Pension Benefits Act of Ontario requires the employer to maintain the actuarial unfunded liability at its December 31, 1966 level. Accordingly the Province of Ontario is required to pay into the fund the following minimum annual payments with the first payment commencing December 31, 1976:—

\$144,436 per year to December 31, 1980,
138,571 for the next nine years ending December 31, 1989,
116,657 for the year ending December 31, 1990, and
22,980 payable thereafter.

Since the actuarial report for 1975 was not available until June 30, 1977, the Province of Ontario did not commence this new minimum annual payment schedule until January 3, 1978. With the payment of the Supplementary Estimate approved by the Social Development Committee of the Legislature on March 21, 1978 the Province will have completed the minimum payments required to December 31, 1977.

Experience deficiency payments of \$20,204 received prior to December 31, 1975 were deemed unnecessary and the resulting overpayment was applied to reduce the 1976 unfunded actuarial liability payment to \$21,406.

Teachers' Superannuation Fund
Schedule A Investments

December 31, 1977
(Expressed in Thousands)

INVESTMENTS

Investments consist of the following:

Province of Ontario debentures at cost:	1977	1976
6% due November 1, 1982	\$ 74,200	\$ 74,200
6% due November 1, 1987	176,000	176,000
6% due November 1, 1992	454,500	454,500
8.57% due May 1, 1996	18,000	18,000
8.57% due November 1, 1996	74,000	74,000
8.57% due January 1, 1997	18,000	18,000
8.57% due March 30, 1997	62,000	62,000
7.86% due May 1, 1997	25,500	25,500
7.86% due November 1, 1997	84,500	84,500
7.86% due January 1, 1998	9,500	9,500
8.06% due April 2, 1993	50,000	50,000
8.06% due May 1, 1993	32,000	32,000
8.06% due October 1, 1993	5,000	5,000
8.06% due November 1, 1993	92,000	92,000
8.06% due January 1, 1994	16,000	16,000
8.39% due April 1, 1999	2,600	2,600
8.39% due May 1, 1999	46,000	46,000
8.39% due September 30, 1999	40,000	40,000
8.39% due November 1, 1999	117,000	117,000
8.39% due January 1, 2000	80,500	80,500
10.04% due May 1, 1995	50,000	50,000
10.04% due November 1, 1995	119,500	119,500
10.04% due January 1, 1996	28,000	28,000
10.11% due May 1, 2001	59,000	
10.11% due November 1, 2001	74,000	
10.11% due January 1, 2002	132,000	
10.11% due February 1, 2002	10,500	
10.11% due March 1, 2002	17,500	
10.11% due March 31, 2002	41,500	
Deposits with the Province of Ontario to be used in purchasing Province of Ontario debentures	142,000	133,000
	<u>2,151,300</u>	<u>1,807,800</u>
Accrued interest	42,768	31,718
	<u>\$ 2,194,068</u>	<u>\$ 1,839,518</u>

Schedule B

Administration Expenses
Year Ended December 31, 1977
(Expressed in Thousands)

	1977	1976
Staff salaries	\$ 1,047	\$ 854
Staff benefits	121	100
Commissioners' salaries	18	19
Travel expense	26	30
Actuarial services	69	24
Medical fees	7	5
Audit fees	15	14
Legal fees	3	4
Postage	35	30
Printing and stationery	142	135
Data centre services	105	123
Rental of office equipment	41	35
Repairs and maintenance	35	30
Utilities	42	41
Insurance	2	2
Office equipment and furniture	31	16
Sundry expenses	39	43
Translation services	7	7
Office dictaphone service	14	
Interprovincial Conference on Teachers' Pensions — 1977	1	
	<u>\$ 1,800</u>	<u>\$ 1,502</u>

Personnel of the Commission
as of December 31, 1977

(a) Appointed by the Minister:

Mr. J.R. Thomson (Chairman) Teachers' Superannuation Commission
Mr. H.A. Blanchard, Member, Teachers' Superannuation Commission
Mr. P.W. Ferren, Director of Education, The Timmins Board of Education
Mr. J.F. Kinlin, Member, Teachers' Superannuation Commission
Mrs. Jean McConnell, Regional Superintendent of Education, Ministry of Education
Mrs. Ethel McLellan, Assistant Deputy Minister, Administrative & Financial Services Division, Ministry of Education

(b) Teacher Representatives:

Mr. Fred Allen, Ontario Secondary School Teachers' Federation
Mr. R. E. Poste, Ontario Public School Men Teachers' Federation and Urban Inspectors
Mr. Robert Scott, Ontario English Catholic Teachers' Association
Mrs. Mabel Stamp, Federation of Women Teachers' Associations of Ontario
Mr. Léon Vigneault, L'Association des Enseignants Franco-Ontariens

Acknowledgements

The Commission acknowledges with deep appreciation the assistance which has been received throughout the year from its expert advisers —

Dr. B.W. Vale, Medical Referee
Mr. L.R. MacTavish, Solicitor
Eckler, Brown, Segal & Company Ltd., Actuary

The advice of these officials has contributed very greatly to the supervision of the Fund by the Commission.

Communications

All communications should be addressed to Mr. J.R. Causley, Director, Teachers' Superannuation Commission, 190 Finch Avenue West, Willowdale, Ontario, M2R 1M4. Telephone (416) 226-2700.

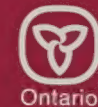
When corresponding with the Commission, the teacher must quote his/her Social Insurance Number.

(Issued by the Authority of the Teachers' Superannuation Commission, September, 1978.)

OFFICE CONSOLIDATION

THIS EDITION IS PREPARED FOR
PURPOSES OF CONVENIENCE ONLY,
AND FOR ACCURATE REFERENCE
RECOURSE SHOULD BE HAD TO THE
OFFICIAL VOLUMES OF THE ACTS
AND REGULATIONS.

This Publication is available
in the French language



TEACHERS' SUPERANNUATION COMMISSION

REPORT TO CONTRIBUTORS
FOR THE YEAR ENDED
DECEMBER 31, 1977

Chairman's Report

The past year has been an exceptionally busy one for the Commission and the staff as we have endeavoured to meet the many requests for information by the contributors to the Fund and to participate in the increasing number of workshops on superannuation and other matters relating to retirement that are sponsored by the various affiliates of the Ontario Teachers' Federation and by the Superannuated Teachers of Ontario.

In order to give more expeditious service to contributors who request information, our data processing procedures are being improved, extra staff is being secured and additional equipment is being installed. The Commission is proceeding with the necessary groundwork in connection with an addition to the building, but it is taking considerably longer than expected to receive all the required clearances before the actual construction can begin.

J.R. Thomson

Director's Report

During the past year there has been a considerable number of articles written in the newspapers concerning our Fund. The main result of this publicity has been an uncertainty on the part of both teachers and pensioners regarding the solvency of the Fund. The pension benefits which have been promised to you are not in peril and they will be paid.

If you look over the Statement of Revenue and Expenditures and the Statement of Assets and Liabilities on the following pages, you will see that at the end of last year our Fund showed a balance of \$2,325,163,000, an increase over the previous year of \$378,287,000. This balance does not include payments on the 1975 Actuarial Valuation of \$102,845,000 and \$107,189,000 which were paid in 1978 but pertained to the years 1976 and 1977 respectively and included a payment of interest.

In conjunction with the Actuary's Report, he also prepares a cash flow projection for the next 10 years. This projection for 1986 shows that the Fund Balance will have grown to \$9,040,165,000 and increasing at the rate of about \$1,000,000,000 a year at that time.

The newspaper headlines concerning the debt owed by the Government of over \$1 billion was not the result of a "slip up". This is the actuarial deficit which was revealed at the 1975 valuation of the Fund. As pointed out by the Actuaries, this increase was brought about by four factors, increases in salary levels since 1972 in excess of those anticipated in the previous valuation, experience since 1972 differing from that assumed in 1972, changes in assumed future rates of interest and general salary increases and changes in other actuarial assumptions. The effect of these factors were, to some extent, offset by the interest rate on debentures in excess of the anticipated yield.

The important aspect of this deficit is the acknowledgment of it by the Government and the fact that they have made the required payments into the Fund as required by The Pension Benefits Act.

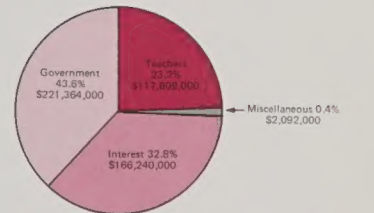
The interest rate on Government debentures which will be issued between April 1, 1978 and March 31, 1979 has been determined by the interest paid on long-term Government borrowings during the Government fiscal year 1977-78. The rate will be 9.51%. The rate for investments between April 1, 1977 and March 31, 1978 was 9.82%.

The Regulation under the Act was amended during the year to permit direct payments into the Fund for service in Her Majesty's forces during the Korean War. The payment must be made to the Fund before December 31, 1982 or within 10 years of the date of employment under the Act following service in the forces, whichever is the later. The period of service covering the Korean War will be from September 1950 to November 1953. Anyone who wishes to have an estimate of the cost of paying for such service should send the discharge certificate to the Commission.

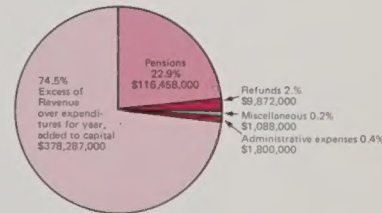
J.R. Causley

For the Period
January 1, 1977 to December 31, 1977

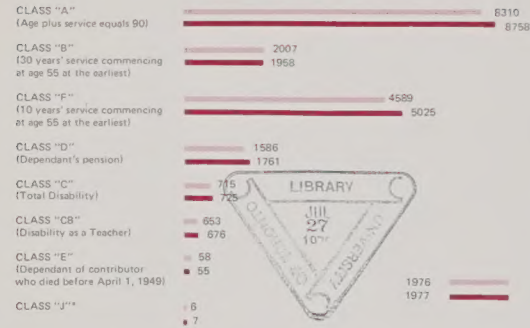
Income



Distribution



Changes in the Pension Register in the Fiscal Periods 1976 - 1977



*Class "J" pension is one where the teacher has elected to receive a reduced pension which, when he dies, is payable in half the amount to a named dependant.

Number of Pensioners



Teachers' Superannuation Fund Financial Statements

Year Ended December 31, 1977

Auditors' Report

Statement of Assets and Liabilities

Statement of Revenue and Expenditure

Notes to Financial Statements

Schedules

A Investments

B Administration Expenses

Thorne
Riddell
& Co.

Chartered Accountants

Auditors' Report

The Honorable Darcy McKeough
Minister of Treasury
Economics and Intergovernmental Affairs
The Province of Ontario

We have examined the statement of assets and liabilities of the Teachers' Superannuation Fund as at December 31, 1977 and the statement of revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1977 and the results of its operations for the year then ended in accordance with the accounting policies set out in note 1 to the financial statements on a basis consistent with that of the preceding year.

North York, Ontario
March 23, 1978

Thorne Riddell & Co.
Chartered Accountants

Teachers' Superannuation Fund Statement of Assets And Liabilities

December 31, 1977
(Expressed in Thousands)

ASSETS

	1977	1976
Cash	\$ 16,372	\$ 956
Receivable from the Province of Ontario		
Contributions by the Province	100,292	75,981
Interest on contributions	9,848	7,461
Receivable from school boards, net	252	
Short term notes, at cost plus accrued interest of \$33 (\$125 in 1976)	5,533	24,375
Investments, at cost plus accrued interest	2,194,068	1,839,518
	<u>\$ 2,326,365</u>	<u>\$ 1,948,291</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 737	\$ 749
Payable to school boards, net		347
Due to Superannuation Adjustment Fund	465	319
	<u>1,202</u>	<u>1,415</u>

CAPITAL FUND

Balance at beginning of year	\$ 1,946,876	\$ 1,689,698
Add excess of revenue over expenditure	378,287	257,178
Balance at end of year	<u>2,325,163</u>	<u>1,946,876</u>
	<u>\$ 2,326,365</u>	<u>\$ 1,948,291</u>